



MEMORANDUM

TO: School District Administrators; County School Superintendents

FROM: Magdalene D. Haggerty, Office of the Auditor General
Vicki G. Salazar, Arizona Department of Education (ADE)

DATE: June 30, 2006

SUBJECT: *Uniform System of Financial Records* (USFR) Chart of Accounts Revisions

The enclosed USFR Section III, Chart of Accounts, dated 6/06, supersedes the previous Chart dated 12/01. Revisions were made to incorporate changes to the federal chart, recent legislation, Governmental Accounting Standards Board (GASB) Statement No. 34 requirements, and recommendations received from school districts and county school offices during the past several years. Unless otherwise noted, the new Chart will not be effective until July 1, 2007.

Notable revisions to the Chart include the following:

1. Added Instructional Improvement, Full-Day Kindergarten, Full-Day Kindergarten Capital, Emergency Deficiencies Correction, and Failing Schools Tutoring Grant Funds; and reorganized the federal projects funds as a result of *No Child Left Behind Act of 2001*. **These changes were communicated in previous USFR Memorandums and are already effective.**
2. Added Structured English Immersion and Compensatory Instruction Funds; renamed and bolded program code 260—English Language Learners (ELL) Incremental Costs; and added program codes 265—ELL Compensatory Instruction, 430 and 435—Pupil Transportation—ELL Incremental Costs and Compensatory Instruction, and 514 and 515—Desegregation—ELL Incremental Costs and Compensatory Instruction due to recent changes in legislation (Laws 2006, Chapter 4). **These changes were communicated in USFR Memorandum No. 222 and will be effective July 1, 2006.**
3. Bolded program code 270—Vocational and Technological Education. **This change was communicated in a previous USFR Memorandum and is already effective.**
4. Added Joint Technological Education Fund (Fund 596) for monies received by member districts from Joint Technological Education Districts.
5. Combined function codes 2500—Support Services—Business and 2800—Support Services—Central into 2500—Central Services. Added function code 2230—Instruction—Related Technology.
6. Updated account codes for GASB Statement No. 34 in order to facilitate the preparation of fund-based financial statements.
7. Clarified account code descriptions as needed to help ensure proper coding, clarified and added several authorized transfers, and included additional journal entry examples.

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In addition, included with this Memorandum is a detailed Summary of Chart of Account Changes. The Summary includes significant changes to the Chart with details such as old codes compared to new codes and descriptions of changes for each section of the Chart.

If you have any questions on these revisions, please call the Office of the Auditor General, Accounting Services Division at (602) 553-0333, or the ADE School Finance Operations Unit at (602) 542-5695. Copies of the Chart of Accounts and the USFR may be downloaded from the Auditor General's Web site at www.azauditor.gov/manuals_schooldistrict.htm. Additional paper copies of the USFR may be purchased from ADE, Central Distribution, by calling (602) 542-3088.

MDH/VGS/lm

Enclosure

Summary of Chart of Accounts Changes in 6/06 Revision

Funds		
Old Code	New Code	Description of Change
010-013	010-013	Classroom Site Funds' uses were updated.
	020	Instructional Improvement Fund was added.
	060	Full-Day Kindergarten Fund was added.
	065	Full-Day Kindergarten Capital Fund was added.
	071	Structured English Immersion Fund was added.
	072	Compensatory Instruction Fund was added.
100-399	100-399	Titles of federal project funds were updated.
	484	Failing Schools Tutoring Grant Fund was added.
515, 520	515, 520	Civic Center and Community School Funds' uses were updated.
525	525	Auxiliary Operations Fund description was updated.
535	535	Fund was renamed to Career and Technical Education and Vocational Education Projects.
	596	Joint Technological Education Fund was added.
	686	Emergency Deficiencies Correction Fund was added.
	750	Permanent Funds were added.
801-849	801-849	Examples of Trust Funds were added.
901-949	901-949	Enterprise Funds' uses were updated.
950-989	950-989	Internal Service Funds' uses were updated.
998		General Fixed Assets Account Group was deleted.
999		General Long-Term Debt Account Group was deleted.

Balance Sheet Object Codes		
Old Code	New Code	Description of Change
0110	0110	Investments description was updated.
	0180	Other Current Assets was added.
	0181	Capitalized Bond and Other Debt Issuance Costs was added.
	0182	Premium and Discount on Issuance of Bonds was added.
0180	0190	General Fixed Assets was renamed to Capital Assets.
0181	0191	Land and Land Improvements description was updated.
	0192	Site Improvements was added.
	0193	Accumulated Depreciation on Site Improvements was added.
0182	0194	Buildings and Building Improvements description was updated.
0370	0195	Accumulated Depreciation on Buildings and Building Improvements was renumbered to 0195 and updated.
0183	0196	Equipment description was updated.
0380	0197	Accumulated Depreciation on Equipment was renumbered to 0197 and updated.
0184	0198	Construction in Progress was renumbered to 0198.
0190-0192		Other Debits, Amount Available in Debt Service Fund, and Amount to be provided for Retirement of General Long-Term Debt were deleted.
	0280	Arbitrage Rebate was added.
0310		Investment in General Fixed Assets was deleted.
	0310	Other Reserved Fund Balance was added.
0320		Designated for Capital Outlay was deleted.
	0320	Designated Fund Balance was added.
0330	0330	Unreserved Fund Balance description was updated.
0340		Reserved Retained Earnings was deleted.
0350		Unreserved Retained Earnings was deleted.
	0350	Invested in Capital Assets, Net of Related Debt was added.
0360		Accumulated Depreciation on Land Improvements was deleted.
	0360	Restricted Net Assets was added.
	0370	Unrestricted Net Assets was added.

Summary of Chart of Accounts Changes in 6/06 Revision

Revenues and Other Financing Sources Object Codes		
Old Code	New Code	Description of Change
1340	1340	Tuition from Other Sources was renamed to Tuition from Other Private Sources (Other than Individuals).
	1350	Tuition from Other Government Sources Within Arizona was added.
	1360	Tuition from Other Government Sources Outside Arizona was added.
1440	1440	Transportation Fees from Other Sources was renamed to Transportation Fees from Other Private Sources (Other than Individuals).
	1450	Transportation Fees from Other Government Sources Within Arizona was added.
	1460	Transportation Fees from Other Government Sources Outside Arizona was added.
1500	1500	Earnings on Investments was renamed to Investment Income and description was updated.
1530	1530	Net Increase/(Decrease) in the Fair Value of Investments description was updated.
1540	1540	Earnings on Investments in Real Property was renamed to Investment Income from Real Property.
	1614	Daily Sales—After School Care Snack (ASCS) Program was added.
	1640	Daily Sales—Summer Food Program was added.
1700	1700	Activities was renamed to District Activities.
	1750	Revenue from Enterprise Activities was added.
1920	1920	Contributions and Donations from Private Sources description was updated.
1930	1930	Gain on Sale of Fixed Assets was renamed to Gain or Loss on Sale of Capital Assets.
1950	1950	Services Provided Other Districts was renamed to Miscellaneous Revenues from Other Districts.
1960	1960	Services Provided Other Local Governmental Units was renamed to Miscellaneous Revenues from Other Local Governmental Units.
1970	1970	Services Provided Other Funds was renamed to Operating Revenues and code was bolded.
1990	1970	Self-Insurance Contributions example was moved to Operating Revenues.
3200	3200	Examples were updated.
4900	4900	Example of E-rate projects was added.
5000	5000	Other Financing Sources was renamed to include Other Items.
5100	5100	Sale of Bonds was renamed to Issuance of Bonds.
5110	5110	Bond Principal description was updated.
5120	5120	Premium was renamed to Premium or Discount on the Issuance of Bonds.
5200	5200	Interfund Transfers-In was renamed to Fund Transfers-In.
5300	5300	Sale or Compensation for Loss of Fixed Assets was renamed to Proceeds From the Disposal of Real or Personal Property.
	5400	Capital Contributions was added.
5500	5500	Capital Lease was renamed to Capital Lease Proceeds.
	5600	Other Long-Term Debt Proceeds was added.
	5700	Special Items was added.
	5800	Extraordinary Items was added.

Summary of Chart of Accounts Changes in 6/06 Revision

Expenditures and Other Financing Uses Program Codes		
Old Code	New Code	Description of Change
100, 200	100, 200	Regular and Special Education descriptions were updated.
260	260	Bilingual Education was renamed to English Language Learners Incremental Costs.
	265	English Language Learners Compensatory Instruction was added.
270	270	Vocational and Technological Education code was bolded.
	430	Pupil Transportation—English Language Learners Incremental Costs was added.
	435	Pupil Transportation—English Language Learners Compensatory Instruction was added.
	470	Pupil Transportation—Joint Technological Education District was added.
	514	Desegregation—English Language Learners Incremental Costs was added.
	515	Desegregation—English Language Learners Compensatory Instruction was added.
540	540	Joint Vocational and Technological Center was renamed to Joint Career and Technical Education and Vocational Education Center and description was updated.
600	600	Other Instructional Programs description was updated.

Expenditures and Other Financing Uses Function Codes		
Old Code	New Code	Description of Change
1000	1000	Instruction description was updated.
2120	2120	Guidance Services was updated to include supervision.
2140	2140	Psychological Services was updated.
2150	2150	Speech, Pathology, and Audiology Services description was updated to include "Usually used with Program 200."
	2160	Occupational/Physical Therapy—Related Services was added.
2200	2200	Support Services—Instructional Staff was renamed to Support Services—Instruction and description was updated.
	2212	Instruction and Curriculum Development was added.
	2213	Instructional Staff Training was added.
2220	2220	Educational Media Services was renamed to Library/Media Services, and the description was updated to include only traditional library activities.
	2230	Instruction-Related Technology, which includes all technology-related classroom support, was added.
	2260	Academic Student Assessment was added.
2320	2320	Executive Administration description was updated to include activities of assistant/associate superintendents.
2500, 2800	2500	Functions 2500, Support Services—Business, and 2800, Support Services—Central, were combined into 2500, Central Services.
2520, 2530	2520	Functions 2520, Purchasing Services, and 2530, Warehousing and Distributing Services, were combined into Function 2520, Purchasing, Warehousing, and Distributing Services.
2810	2550	Planning, Research, Development, and Evaluation Services was renumbered and included in Function 2550.
2820	2560	Information Services was renumbered and included in Function 2560, Public Information Services, and description was updated.
2830	2570	Staff Services was renumbered and included in Function 2570, Personnel Services, and description was updated to include noninstructional personnel training.

Summary of Chart of Accounts Changes in 6/06 Revision

Expenditures and Other Financing Uses Function Codes-Cont'd		
Old Code	New Code	Description of Change
2840	2580	Data Processing Services was renumbered and included in Function 2580, Administrative Technology Services, and description was updated to include administrative network support services, maintaining information systems, and hardware maintenance and support services for administrative technology.
2590	2590	Other Support Services—Business was renamed to Other Central Services.
2610		Supervision of Operations and Maintenance of Plant Services was deleted.
2620	2610, 2620	Function 2620, Operating Building Services, was divided into Function 2610, Operation of Buildings, and Function 2620, Maintenance of Buildings.
2660	2660, 2670	Function 2660, Security Services, was divided into Function 2660, Security, and Function 2670, Safety.
4100	4100	Site Acquisition Services was renamed to Land Acquisition.
4200	4200	Site Improvement Services was renamed to Land Improvement and description was updated.
4600	4700	Building Improvement Services was renumbered to Function 4700.
	4600	Site Improvement was added.
5000	5000	Debt Service description was updated.

Expenditures and Other Financing Uses Object Codes		
Old Code	New Code	Description of Change
6200	6200	Personal Services—Employee Benefits was updated to include amounts paid to reimburse employees.
	6240	Tuition Reimbursement was added.
6290	6290	Examples were updated.
6340	6340	Technical Services was updated to include data entry and processing services other than programming.
	6360	Employee Training and Professional Development Services was added.
6422-6424		Snow Plowing, Custodial, and Lawn Care Services were deleted.
	6431	Nontechnology-Related Repairs and Maintenance was added.
	6432	Technology-Related Repairs and Maintenance was added.
	6443	Rentals of Computers and Related Equipment was added.
6450	6450	Construction Services description was updated to include costs of nonpermanent site improvements.
	6511	Student Transportation Purchased From Other Arizona Districts was added.
	6512	Student Transportation Purchased From Out-of-State Districts was added.
	6519	Student Transportation Purchased From Other Sources was added.
6531	6531	Telephone description was updated.
6532	6532	Other Communications Services description was updated.
6590	6590	Miscellaneous Purchased Services description was updated to include payments made to charter schools.
6591		Services Purchased from Non-Districts was deleted.
6592	6591	Services Purchased from Other Arizona Districts was renumbered to 6591.
6593	6592	Services Purchased from Out-of-State Districts was renumbered to 6592.
6631	6631	Added (Excluding Freight) to object code title.
	6632	USDA Commodities (Freight Only) was added.
6632	6633	Other Food was renumbered to 6633.
6644	6644	Other Books was renamed to Other Books, Periodicals, and Media and description was updated.
	6650	Supplies Technology-Related was added.
6710	6710	Land and Existing Improvements was renamed to Land and Existing Land Improvements.

Summary of Chart of Accounts Changes in 6/06 Revision

Expenditures and Other Financing Uses Object Codes-Cont'd		
Old Code	New Code	Description of Change
6737	6737	Technology was renamed to Technology-Related Hardware and Software and description was updated and added "Used with functions 1000-4000."
6740	6740	Deleted references to "fixed" and the General Fixed Assets Account Group and added "Used with functions 1000-4000."
	6750	Capital Asset Impairments was added.
6800	6800	Other Objects was renamed to Debt Service and Miscellaneous.
6810	6810	Dues and Fees was updated to include payments to a paying agent for services rendered.
6850	6830	Redemption of Principal was renumbered to 6830.
6830	6840	Interest was renumbered to 6840.
6840	6850	Other Interest was renumbered to 6850.
	6860	Amortization of Bond Issuance and Other Debt-Related Costs was added.
6880		Loss on Sale of Fixed Assets was deleted.
6890	6890	Miscellaneous Expenditures description was updated to include student entrance fees, and hotel and food costs associated with student travel.
6900	6900	Other Financing Uses was renamed to Other Financing Uses and Other Items and the description was updated.
6930	6930	Interfund Transfers-Out was renamed to Fund Transfers-Out.
6940	6940	Payment to Bond Escrow Agent was renamed to Payment to Escrow Agent for Defeasance of Debt.
	6950	Special Items was added.
	6960	Extraordinary Items was added.